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‘Digital banking is now a given’

K Ram Kumar / NS Vageesh

Banks must ensure much of their offerings are on the digital platform, says SBI chief

Arundhati Bhattacharya, Chairman, State Bank of India

Mumbai, January 13:

With most of the banks joining the digital bandwagon, alternative channels such as ATMs, internet, mobile banking and business correspondents are likely to become the main delivery channels for providing banking services in the country, says Arundhati Bhattacharya, Chairman, State Bank of India.

Currently, besides the 16,400-odd brick-and-mortar branches, India’s largest bank provides banking services through alternate touch-points, including about 57,000 State Bank Group ATMs, 2.4 lakh point-of-sale terminals, around 58,600 customer services points/business correspondents, digital ‘sbiINTOUCH’ branches, internet and mobile banking.

In an interview to *BusinessLine* , Bhattacharya observed that digital banking is now a given and banks have to ramp up their game to ensure that they have much of their product/service offerings on the digital platform.

“Frankly, India is a country where (transaction) volumes are very large, though the amounts are very small. So, in order to have a viable proposition, it (delivery) has to be a very low-cost model.

“And the low-cost model cannot be managed unless there is enough technology behind it. Only with technology can volumes be managed. That will also ensure that the cost of delivery is not very high,” explained the SBI chief.

Given the thrust on inclusive banking, one of the imperatives is that delivery has to be technology-driven.

Bhattacharya buttressed the importance of digital banking by pointing out that almost 65 per cent of the population is below 35 years of age and the young generation is very technology savvy.

“They (the young generation) are very impatient, they want stuff to happen now, immediately, and they are not going to wait for delivery. They would like to have a choice as to where they do the banking transaction.

“So, they are not going to be bound by having to come to a branch in order to do a job. They would like to do it (transaction) in the bus, in the train, in the office, at home, wherever, on the move,” she said.

Banking for the tech-savvy

Bhattacharya noted that since banks are going to have the young generation as customers, they need to create an ecosystem where much of their products can be actually delivered on the digital platform.

The SBI chief, however, pointed out that the need for the touch and feel of the brick-and-mortar branch is not going to disappear so fast that a branch network will no longer be required.

“I don’t think that is the case….While we do have about 65 per cent of the population who are young, we have another 35 per cent who are older and who definitely are used to a brick-and-mortar branch presence.

“…And therefore, the brick and mortar will also be important. But maybe the look and feel will change depending upon the kind of people living in a particular locality,” said Bhattacharya.

At this point in time though, the 24x7 digital branches are fewer in number (about 19 at last count); SBI plans to ramp these up to 100 by March 2016.

The digital branches have an ATM-cum-cash deposit machine; cheque deposit machine, passbook printer; a standalone ATM, and a multifunction kiosk (that enables a customer to do most things they would do at a branch, such as order a cheque book, block a cheque/card, seek TDS certificates, and remote expert facility to interact with the bank's experts on investments and borrowings.

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